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CHARLES ELMORE CROPLEY
CLERK

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1927.

No. [redacted] 155

RICE & ADAMS CORPORATION, PETITIONER,

vs.

HARRY D. LATHROP.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT AND BRIEF IN SUPPORT THEREOF.

FREDERICK G. MITCHELL,
CHARLES J. STAPLES,
WILLIAM P. CONLEY,
WILLIAM DORAN CUSHMAN,
Counsel for Petitioner.

(33,464)

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SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1927.

No. 1012

RICE & ADAMS CORPORATION, PETITIONER,

vs.

HARRY D. LATHROP, RESPONDENT.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT.

To the Honorable the Supreme Court of the United States:

The petition of Rice & Adams Corporation respectfully shows to this Honorable Court:

A.

This suit was brought in equity in the United States District Court for the Western District of New York for infringement of United States letters patent No.

880,713, granted to James R. Blair on the 3d day of March, 1908 (R., 1), thereafter assigned to and owned by respondent, Harry D. Lathrop (R., 3), and to recover an accounting for profits and damages (R., 6). This suit was commenced on the 21st day of January, 1925, when the patent was about to expire and had only forty-one days to run (R., 1, 72, 388).

The said respondent, as plaintiff therein, applied for a preliminary injunction. His application was denied (R., 74). The trial judge held in his opinion:

> "Infringement has ceased and the responsibility of the defendant is unquestioned, and the recovery of damages, I think is sufficient protection for past infringement" (R., 73).

A motion was thereafter made by defendant, your petitioner, to transfer the action to the law side of the court (R., 75) on the ground that the denial of the plaintiff's application for an injunction, which was the only basis for equitable relief set up in the bill of complaint, was a determination that the plaintiff was not entitled to such relief when the action was commenced and, therefore, equity was without jurisdiction to proceed further therein. Defendant's said motion was denied (R., 79, 81, opinion reported in 6 F. (2d), 91).

The motion was renewed at the beginning of the trial and again denied (R., 388-390). The court proceeded to try the action in equity, although injunction, the only ground of equitable jurisdiction alleged by the plaintiff, had been denied. The patent was held valid

and infringed and a decree for plaintiff was entered (R., 562). The trial court's opinion (R., 550) is reported in 21 F. (d), 124.

An appeal from the decree was taken to the Circuit Court of Appeals for the Second Circuit (R., 564) and error was assigned for the refusal of the court to transfer the cause to the law side of the court (R., 568). Your petitioner contended earnestly in its briefs and upon the argument in the appellate court that the trial court's refusal to grant a preliminary injunction in the suit was in effect a determination that equity was without jurisdiction.

The circuit court of appeals affirmed the decree without opinion (R., 716-717); thereby, as your petitioner contends, establishing, as the law of this Circuit, that a party may invoke the equitable jurisdiction of the court although he has no ground for equitable relief, and that he may proceed in equity after it has been judicially determined that his sole claim of right to equitable relief is without foundation.

Your petitioner thereupon applied to said circuit court of appeals for a rehearing (R., 719) in order that the said court might either rule on this question or certify it up to the Supreme Court. But your petitioner's said application was denied (R., 725).

B.

A conflict of opinion is established by the decision in the instant case between the Circuit Courts of Appeals for the Sixth and Seventh Circuits on the one hand and the Circuit Court of Appeals for the Sec-

ond Circuit on the other. This conflict of opinion undoubtedly has its foundation in certain decisions of the Supreme Court of the United States.

(1) The Circuit Court of Appeals for the Second Circuit by its affirmance of the trial court's decree without opinion in the instant case has made that decision the rule of that circuit, to wit, that in an infringement suit where preliminary injunction is denied and the patent is about to expire so that no permanent injunction can be obtained and no other ground of equitable jurisdiction is alleged, nevertheless equity has jurisdiction to proceed further and take an accounting of profits and damages.

(2) The Circuit Courts of Appeals for the Sixth and Seventh Circuits hold directly to the contrary.

The object of this petition, therefore, is to have this Honorable Court adjudicate the rights of the parties and also settle this conflict of decision between the circuit courts of appeals of the various circuits.

The judgment or decree of the circuit court of appeals affirming the decree of the district court in the instant case was entered on the 27th day of February, 1928, and your petitioner's application for a rehearing was entertained and on the 23d day of March, 1928, denied. Your petitioner is of the opinion that the said judgment or decree is erroneous, and that this Honorable Court should require the case to be certified to it for review and determination under the act of Congress permitting such judgment to be certified for review; and your petitioner alleges that the circuit court of appeals erred in the following respects:

Error I.

That the Circuit Court of Appeals for the Second Circuit erred in affirming the decree of the district court herein and in not holding that the district court was without jurisdiction to try and decide this case on the equity side of the court, after determining that the plaintiff was not entitled to a preliminary injunction; since the patent in suit was about to expire, when the suit was brought and no permanent injunction could, therefore, be obtained, and no other ground of equitable jurisdiction was alleged by the plaintiff in his bill of complaint, and the plaintiff did not either allege or prove that he did not have an adequate remedy at law.

Error II.

The said circuit court of appeals erred in not sending the case back to the district court for trial on the law side of the court where the plaintiff would have an adequate remedy in damages if it should be found that the patent in suit was valid and infringed by the defendant.

WHEREFORE your petitioner respectfully prays that a writ of certiorari issue out of and under the seal of this Honorable Court, directed to the United States Circuit Court of Appeals for the Second Circuit, commanding said court to certify and send to this Court, on a date to be designated, a full and complete transcript of the record of all proceedings in this case, to

the end that this cause may be reviewed and determined by this Court as provided by law; and that your petitioner may have such other and further relief in the premises as to this Honorable Court may seem appropriate and in conformity with law.

And your petitioner will ever pray.

Dated May 10, 1928.

RICE & ADAMS CORPORATION,
J. P. McKINLEY,
President.

FRED'K G. MITCHELL,
CHARLES J. STAPLES,
WILLIAM P. CONLEY,
WILLIAM DORAN CUSHMAN,
Of Counsel for Petitioner.

I hereby certify that I am of counsel for the petitioner herein, Rice & Adams Corporation; that in accordance with the request of said petitioner the foregoing petition has been prepared; and that the allegations contained in said petition are true, to the best of my knowledge and belief, and that said petition is, in my opinion, well founded in law and in fact, and should be granted.

Dated May 10, 1928.

CHARLES J. STAPLES.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1927.

No. 1012

RICE & ADAMS CORPORATION, PETITIONER,

vs.

HARRY D. LATHROP, RESPONDENT.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

I.

The Opinions of the Courts Below.

The opinion in the district court denying plaintiff's motion for preliminary injunction (R., 72) is not reported in the Federal Reporter.

The opinion in the district court denying defendant's motion to transfer cause to the law side of court (R., 79) is reported in Lathrop *vs.* Rice & Adams Corporation, 6 F. (2d), 91.

The opinion in the district court holding the patent in suit valid and infringed (R., 550) is reported in Lathrop *vs.* Rice & Adams Corporation, 21 F. (2d), 124.

No opinion was handed down in the circuit court of appeals (R., 716).

II.

Jurisdiction.

The date of the decree to be reviewed is February 27, 1928 (R., 716-717).

A petition for rehearing was denied March 23, 1928 (R., 725).

III.

Statement of the Case.

A full statement of the case has been given under heading "A" in the Petition, and in the interest of brevity the statement is not repeated at this point.

IV.

Specification of Errors.

1. The Circuit Court of Appeals for the Second Circuit erred in affirming the decree of the district court herein and in not holding that the district court was without jurisdiction to try and decide this case on the equity side of the court, after determining that the plaintiff was not entitled to a preliminary injunction; since the patent in suit was about to expire when the suit was brought, and no permanent injunction could, therefore, be obtained, and no other ground of equi-

table jurisdiction was alleged by the plaintiff in his bill of complaint, and the plaintiff did not either allege or prove that he did not have an adequate remedy at law.

2. The Circuit Court of Appeals for the Second Circuit erred in not sending the case back to the district court for trial on the law side of the court, where the plaintiff would have an adequate remedy in damages if it should be found that the patent in suit was valid and infringed by the defendant.

V.

Summary of Argument.

The decision below is contrary to and in conflict with prior Federal court decisions.

ARGUMENT.

The courts have frequently called attention to the conflict of opinion in the various circuits on the question here involved, to wit, whether equity may retain jurisdiction for the purpose of taking an account of damages and profits after injunction has been denied. As pointed out in LeRoy *v.* DeVry Corporation, 16 F. (2d) 18, at page 20, this conflict is in some degree occasioned by the conflict which is thought to exist between Root *vs.* Railway Co., 105 U. S., 189, and Clark *vs.* Wooster, 119 U. S., 322. This conflict was referred to by Judge Holt in the Southern District of New York in Diamond Co. *vs.* Seus, 159 F. 497, and by Judge Lacombe in the Circuit Court of Appeals, Second Circuit in Tompkins *vs.* International Paper Co.,

183 F. 773; the decisions in the last mentioned cases holding that equity is without jurisdiction of an infringement suit brought when the patent is about to expire and in which no special reasons are shown why the remedy at law is not adequate.

In the instant case the plaintiff's bill does not allege, nor are there any proofs in the record, that any special reasons exist why the remedy at law herein is not adequate; nor does the said bill even allege that the plaintiff has not an adequate remedy at law.

In Diamond Co. *vs.* Seus (*supra*) Judge Holt cited a number of Supreme Court cases holding that the question was one of discretion, and other decisions of the same court holding that when a patent is about to expire and there are no special circumstances calling for the exercise of equitable jurisdiction, and it is apparent that the prayer for injunction is a mere form to support the jurisdiction, the court has no equitable jurisdiction. He said further, at page 498:

> "There are various decisions in the circuit courts of appeals and in the circuit courts, some of which support one view of the case and some the other."

Judge Lacombe, in the Tompkins case (*supra*) also cites a number of decisions illustrating the same lack of harmony.

Among the cases holding that equity will not entertain jurisdiction for the purpose of an accounting merely are:

> Woodmanse *vs.* Williams, 68 F., 489;
> Kennicott *vs.* Bain, 185 F., 520.

The decision in Woodmanse *vs.* Williams, in the Circuit Court of Appeals, Sixth Circuit, wherein Mr. Chief Justice Taft, then a member of that court, participated, and Judge Lurton wrote the opinion, held at page 492:

> "It must appear that the legal remedy at law is inadequate, and if the case is one in which equitable relief by injunction is inappropriate, as where the patent has expired, or where the circumstances are such as to justify a court in refusing equitable relief, the suit will not be entertained for the mere purpose of an account of past damages and profits."

And in Kennicott *vs.* Bain the Circuit Court of Appeals, Seventh Circuit, held that where, as in the instant case, infringement had ceased, an injunction was properly refused and the bill dismissed, and whatever rights were left to the plaintiff must be asserted in a suit at law for damages, no ground existing for a bill in equity.

The other view—that the exercise of jurisdiction is discretionary—appears to be supported by a dictum in Sly *vs.* Central Iron Works, 201 F., 683, in the Circuit Court of Appeals, Seventh Circuit, which is followed by Stromberg Co. *vs.* Holley Bros. Co., 260 F., 220, in the Eastern District of Michigan, and by the district court in the instant case (6 F. (2d), 91), and the Circuit Court of Appeals, Second Circuit, by affirming the district court's decree herein.

We had supposed that the question was set at rest in the Second Circuit by the decision in LeRoy *vs.* De-

Vry Corporation, 16 F. (2d), 18, in accordance with the rule laid down in the above cited cases of Woodmanse *vs.* Williams in the Sixth Circuit, Kennicott *vs.* Bain in the Seventh Circuit, and Tompkins *vs.* International Paper Co., in the Second Circuit. See also Tompkins *vs.* St. Regis Co., 236 F., 221, in the Second Circuit. LeRoy *vs.* DeVry differs from the instant case, in that in the LeRoy case no preliminary injunction was applied for, but the court said that none was justified on the record. If such an injunction had been applied for it must have been denied, and then that case would have been on all fours with the instant case. Therefore, the LeRoy case, in which the circuit court of appeals directed a transfer to the law side of the court, was decided in harmony with the above-mentioned cases in the Second Circuit and those in the Sixth and Seventh Circuits, while the decision in the instant case is in direct conflict therewith.

Under Rule 35 of the Revised Rules of this Honorable Court, adopted June 8, 1925, and effective July 1, 1925, we understand that a review on writ of certiorari is not a matter of right, but of sound judicial discretion, and that where there are special and important reasons therefor, this Court will consider taking a case under review where a circuit court of appeals has rendered a decision in conflict with a decision of another circuit court of appeals on the same matter.

As we have shown, the decision of the Circuit Court of Appeals, Second Circuit, in the instant case affirming the decree of the district court, is clearly in conflict not only with the decisions of circuit courts of

appeals in other circuits, but there is a lack of uniformity even in the same circuit.

Conclusion.

It is, therefore, respectfully submitted that this case is one calling for the exercise by this Court of its supervisory powers, in order that the question of jurisdiction involved in the conflicting decisions referred to herein may be authentically settled for all the circuits, thereby making a distinct saving of time and expense to courts, litigants and members of the bar; and that to such an end a writ of certiorari should be granted and this Honorable Court should review the decision of the said circuit court of appeals, that justice may be done to this petitioner.

FRED'K G. MITCHELL,
CHARLES J. STAPLES,
WILLIAM P. CONLEY,
WILLIAM DORAN CUSHMAN,
Counsel for Petitioner.